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SECURITY COUNCIL URGES SYRIA TO SET UP BETTER TIES WITH LEBANON

U.S. Ambassador Bolton says council sent a “clear message to Syria”

By Judy Aita
Washington File UN Correspondent

United Nations -- The Security Council May 17 pressed Syria to work with Lebanon to delineate a clear boundary and establish diplomatic relations.

Adopting Resolution 1680 by a vote of 13 to 0 with China and Russia abstaining, the council strongly encouraged Syria “to respond positively to the request made by the Government of Lebanon, in line with the agreements of the Lebanese national dialogue, to delineate their common border . . . and to establish full diplomatic relations and representations.”

The resolution also highlighted Secretary-General Kofi Annan’s April report that urged Iran and Syria to cooperate in disarming Lebanese militias and in helping to restore Lebanon’s political independence. (See related article.)

U.S. Ambassador to the United Nations John Bolton said that the resolution was “a clear message by the Security Council to Syria that we expect them to respond to the offers the government of Lebanon has very responsibly made.”

“We’ll give Syria some period of time to do that and then in consultation with the government of Lebanon

we'll decide what to do next," the ambassador said after the vote.

French Ambassador Jean-Marc de la Sabliere said that the large majority of support for the resolution is an indication of the "very strong support" in the council for the implementation of Resolution 1559 and the actions of the secretary-general and his special envoy, Terje Roed-Larsen, in Lebanon.

Bolton added that the United States was "very pleased" with the council's action. The resolution, he said, does a number of things for the first time.

"First, it explicitly refers to the role of not just Syria but Iran in bringing stability to Lebanon by referring to the secretary-general's report. It makes clear that the burden is now on Syria to respond to Lebanon's request for border delineation and full exchange of diplomatic relations," the ambassador said.

"It clearly says to Syria that it needs to do more to stop the flow of weapons across the Syrian-Lebanese border and it makes it clear that the further disarming of all militias inside Lebanon is an important priority," he said.

"We think it is an important step forward in the implementation of [Resolution] 1559 which we continue to follow closely as well as the implementation of 1595 which is the investigation" of the assassination of former Lebanese Prime Minister Rafik Hariri, the ambassador said.

Bolton said that the sponsors of the resolution -- Denmark, France, Slovakia, United Kingdom and the United States -- felt it was important for the council to state its position and support for the secretary-general's report in the form of a resolution, not a presidential statement as some delegations would have preferred.

Russia and China contended that a resolution was not needed at this time.

The resolution does not mention Iran by name but calls "on all concerned states and parties" as mentioned in the secretary-general's report to cooperate with Lebanon.

Bolton pointed out that only two states are mentioned in Annan's report -- Syria and Iran. "So there is no ambiguity on what that phrase means," he said.

The resolution commended Lebanon for taking measures to stop the movement of weapons into its territory and called on Syria to take similar measures.

It also welcomed the decision of Lebanon to disarm Palestinian militias outside refugee camps within six months and called for further efforts to disband and disarm all Lebanese and non-Lebanese militias.

Security Council Resolution 1559, passed in 2004, calls for the withdrawal of all foreign forces from Lebanon; disbanding and disarming of all militias; the extension of the government's control over all Lebanese territory; and strict respect of the sovereignty, territorial integrity, unity and political independence of Lebanon.

BUSH ADMINISTRATION SUPPORTS CONTINUED ASSISTANCE TO EGYPT

But U.S. officials voice concern over nation's slow pace of political reform

By Jane Morse
Washington File Staff Writer

Washington -- Egypt is "a cornerstone" of U.S. foreign policy in the Middle East and deserves ongoing assistance, despite its slow pace of political reform, senior U.S. officials say.

David Welch, assistant secretary of state for Near Eastern affairs, and Michael Coulter, the deputy assistant secretary of state for political-military affairs, testified May 17 before the House Committee on International Relations' Subcommittee on the Middle East and Central Asia.

"We have been concerned by the postponement of municipal polls, the extension by two years of the Emergency Law, the prosecution of whistleblower judges, and the recent violence against peaceful demonstrators and round-ups of democracy activists," Welch said in prepared testimony. (See related article.)

Welch praised Egyptian President Mohammed Hosni Mubarak for amending Egypt's Constitution and holding multicandidate elections in September 2005 -- the country's first. But the parliamentary polls were marred

by “irregularities” and “serious incidents of violence” in the last two rounds, he said.

Egypt’s prime minister, Ahmed Mohamed Nazif, however, has appointed “a strong team of reformers to steer the key economic and social portfolios,” Welch said. “The new Cabinet is working to implement an ambitious economic reform agenda designed to generate jobs and attract foreign investment,” he said.

“We would like to see Egypt make the same kind of progress on political reform that it has made on economic reform, where gains have been impressive,” Welch said.

Both Welch and Coulter noted Egypt’s critical role in helping resolve the Israeli-Palestinian conflict. Egypt actively has engaged both parties, facilitated Israel’s unilateral withdrawal from Gaza in summer 2005, and effectively curbed the smuggling of weapons into Gaza, they said.

Coulter voiced U.S. gratitude for Egypt’s support to U.S. forces in Iraq and Afghanistan, and noted that Egypt’s support of U.S. goals in Iraq has not been without cost.

“After Egypt took the bold step of being the first Arab nation to send an ambassador to Iraq, the Egyptian ambassador was assassinated in Baghdad in July 2005,” Coulter said.

Coulter said U.S. military assistance is “a key element” to the U.S.-Egypt strategic partnership. In addition to helping Egypt modernize its military and fight terrorism, U.S. military assistance provides training opportunities that foster mutual understanding and strong civil-military relations, reinforce the concept of civilian rule, and contribute to Egypt’s stability, he said.

Each year the United States provides Egypt with \$1.3 billion in foreign military financing (FMF) and approximately \$1.2 million for international military education training (IMET) programs, Coulter said.

“Our assistance to Egypt,” Coulter said, “contributes positively to U.S. goals in the region.”

For more on U.S. policy, see Middle East and North Africa: <http://usinfo.state.gov/mena/> and South and Central Asia: <http://usinfo.state.gov/sa/>

TREASURY SECRETARY PRESSED BY CONGRESS ON CHINA’S EXCHANGE RATES

Secretary Snow promises continued push on currency, financial markets

By Elizabeth Kelleher
Washington File Staff Writer

Washington – U.S. Treasury Secretary John Snow responded to congressional concerns about China’s economic policies May 17 by citing the Bush administration’s ongoing efforts to “enlighten [the Chinese] to their own best interest,” and rejected worries over China’s holding of U.S. Treasury securities, calling such investments a vote of confidence in the U.S.”

Snow’s comments came in testimony before the House Committee on Financial Services.

Republicans and Democrats on the panel expressed disappointment that the Treasury Department did not label China a “currency manipulator” in a report to Congress.

Representative Robert Ney, a Republican from Ohio, told Snow that China is not making enough progress in making its currency flexible. He called the 1.3 percent appreciation in the currency since 2005 minor and said that China’s exchange-rate policies take jobs from U.S. industrial workers.

Snow told the panel that, during an April visit to Washington by Chinese President Hu Jintao, the Bush administration encouraged Hu to stop “suppressing exchange rates.” Controlling the currency, Snow said, results in faulty “price signals.”

He said those signals could make producers believe they are the best in the world market when that may not be the case and added that currency flexibility in China would free resources from “less-efficient uses,” redirect them to “productive uses” and increase the size of total world output.

The administration is committed to continuing to “enlighten [the Chinese] to their own best interest,” Snow said.

Some congressmen expressed concern over Japanese and Chinese holdings of U.S. Treasury securities. Representative Carolyn Maloney, a Democrat of New York, said China’s holdings of Treasury securities increased

423 percent since 2001 and that much of that investment was from China's central bank "to keep its own currency stable." She said a large international debtor could harm the U.S. standard of living in the future.

Snow took exception to that statement, saying that, even though China's holdings of Treasury securities had increased dramatically since 2001, its total share remained under 8 percent. Furthermore, he said, foreigners invest in the United States because it offers the best risk-adjusted returns investors can get. "It's a vote of confidence in the U.S.," he said.

The secretary also said China and India should loosen rules to allow foreign direct investment and ownership of insurance companies, banks and retailers. On May 16, Senator Charles Schumer, a Democrat from New York, said he wants Snow to press China much harder to open up its financial services sector. Schumer said that he was "disappointed" over an apparent decision by the Chinese government to block Citigroup Inc. from buying a majority stake in Guangdong Development Bank in China.

The full text of Snow's prepared testimony, as submitted to the committee, is available on the Treasury Department's Web site:
<http://www.treas.gov/press/releases/js4267.htm>

For additional information on U.S. policy, see The United States and China:
http://usinfo.state.gov/eap/east_asia_pacific/china.html

UNITED STATES PROMOTES FREEDOM, STABILITY, PROSPERITY IN SOUTH ASIA

State's Boucher lays out three-pronged strategy to achieve objectives

By Phillip Kurata
 Washington File Staff Writer

Washington -- The United States is working through a three-pronged strategy to help the seven countries of South Asia -- Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka -- become more free, stable and prosperous, Assistant Secretary of State for South and Central Asian Affairs Richard Boucher says.

Testifying before the House International Relations Committee Subcommittee on Asia and the Pacific May 17, Boucher said the three-pronged strategy "aims to: (1) build regional stability through counterterrorism, counter-narcotics, and conflict resolution efforts; (2) provide opportunities for integrating and connecting South and Central Asian nations with energy, water, infrastructure, trade and communication projects; and (3) build and reinforce the key foundations of democracy -- education, economic growth, rule of law, the protection of human rights and transparent government."

Boucher said that, with the exception of India, the other nations of the region are facing daunting democratic challenges.

"Corruption and bitter intra-party rivalries challenge the 2007 elections in Bangladesh. Pakistan has chosen the right course but will need continued support to hold free and fair elections in 2007. There have been positive developments in Nepal over the past weeks, and we hope that country is now on the path to restoring democracy to its people. Sri Lanka continues to be challenged by ongoing conflict," Boucher said.

The assistant secretary said the United States will tailor its democracy-promotion programs to fit the specific conditions of each country, rejecting a "one size fits all" approach.

The U.S. economic programs in South Asia are intended to "jump-start" development and growth by helping build capacity and encouraging changes in the policies and regulations that hamper the region's strong entrepreneurial spirit.

"These programs run the gamut, from micro-enterprise programs in Bangladesh to entrepreneurship centers in Pakistan, from trade facilitation in Sri Lanka and customs reforms at borders in Afghanistan to institutional reforms in India -- all essential components of creating healthy economies and trading partners," Boucher said.

The assistant secretary said the India's economic growth rate is around 8 percent and Pakistan's is between 6 percent and 8 percent. He said the United States hopes to see healthy growth spread to other countries in the region by encouraging reforms and intraregional trade.

Boucher had high praise for education, especially education for women, as "one of the strongest positive forces in South Asia," allowing people to take greater control

of their lives and reducing the mortality rates for infants and mothers. He said the United States will encourage progressive educators in South Asia to attract students from Central Asia and provide them with knowledge and skills that “will serve them in their home countries and strengthen regional capacity.”

Boucher said that South Asia faces a “looming water crisis” in which more than 240 million people lack access to safe water.

“Sadly, one child dies an average of every 15 seconds because of lack of access to safe water and sanitation,” Boucher said.

In an initiative known as Water for the Poor, Boucher said, the United States is working with India, Pakistan and Bangladesh to increase access to healthy water and sanitation. He added that the United States is working to resolve transboundary water disputes.

The full text of Boucher’s prepared testimony is available on the State Department Web site:
<http://www.state.gov/p/sca/rls/rm/2006/66374.htm>

For more information on U.S. policies in the region, see South and Central Asia:
<http://usinfo.state.gov/sa/>

Pleases Note: Most texts and transcript mentioned in the U.S. Mission Daily Bulletin are available via our homepage: <http://geneva.usmission.gov/>

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